TREASURER-TAX COLLECTOR

DAN McALLISTER

COUNTY ADMINISTRATION CENTER • 1600 PACIFIC HIGHWAY, ROOM 112
SAN DIEGO, CALIFORNIA 92101-2475 • (619) 531-5225 FAX (619) 595-4605

website: http://www.sdtreastax.com

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SAN DIEGO COUNTY OFFICIALS AFFIRM FINANCIAL SOUNDNESS AND SOLVENCY OF SAN DIEGO COUNTY AND ITS RETIREMENT SYSTEM

Citing several key San Diego County financial indicators and statistics, County Board of Supervisors Chairwoman Dianne Jacob and County Treasurer-Tax Collector Dan McAllister today confirmed the County's strong financial position due to its long term strategic planning and responsible spending.

Jacob and McAllister, both of whom serve on the board of the San Diego County Employees Retirement Association (SDCERA), also jointly announced the release of SDCERA's actuarial valuation report, which showed that the funded level of the County's retirement plan increased from 75.5 percent to 81.1 percent as of June 2004, a 5.6 percent increase over June 2003. "San Diegans have every reason to be confident in the county's continued financial health," said Jacob. She continued, "We are one of the top three best-managed governments in the nation, and Wall Street backs us on this, with every major credit rating agency giving to the County, its investment pool, and retirement plan some of the highest credit ratings for public entities across the country."

During their presentation on the County's fiscal fitness, Jacob and McAllister emphasized that the County is fiscally sound and financially solvent because of:

A solid fiscal foundation. The County has a structurally balanced budget that uses ongoing funds for ongoing expenditures and one-time funds for one-time expenses. Additionally, the County uses both 5-year financial forecasts and a 2-year operational plan to enforce fiscal discipline, while the Board of Supervisors keeps a close tab on the budget through continuous budget reviews and quarterly financial reports.

Strict cost controls. The County's current staff count for fiscal year 2004/2005 remains at the same level as in fiscal year 1991/1992. Vital services and customer service, however, have never been compromised. Additionally, the County does not defer maintenance, choosing instead to prioritize maintenance needs on a regular basis and performing the necessary work to avoid the higher costs that usually accompany neglected structures and facilities.

Strong financial reserves and strategic debt management. With an annual budget of approximately $4.1 billion, the County has healthy reserves of $611 million. It has a debt ratio of 4.6%, which is well below the acceptable level of debt according to the major credit rating agencies. To bolster its financial reserves, the County always tries to pay off its debts early whenever economically possible. For example, in September 2004, the County retired pension obligation bonds issued in 1994 three years earlier than scheduled, resulting in net cost savings to taxpayers.

Full disclosure in a timely manner. The County has always cooperated fully with its independent auditors to provide them with the most accurate and complete information available. KPMG, the County's independent auditor, has issued an unqualified opinion of the County' financial positions for the year ended 2003.

Ability to Fully Meet Annual Fund Obligations. The County does not use funds earmarked for its retirement fund to balance its budget. Because of its financial strength, the County pays its annual retirement fund obligations in full during the first week of the fiscal year. On July 5, 2004, the County forwarded to SDCERA its entire annual retirement contribution of $260 million.

Referring to the County's financial condition, Jacob said, "The single most important thing we can do for the people of this region is to maintain fiscal discipline while preserving the vital services that we provide to residents. The County has the critical financial fundamentals in place to accomplish this goal."

In releasing the SDCERA actuarial valuation report, Jacob and McAllister focused on the funding level of the County's pension plan, which increased from 75.5 percent in June 2003 to 81.1 percent in June 2004. The report, which was prepared by San Francisco actuarial firm The Segal Group, determined that SDCERA's unfunded actuarial accrued liability decreased from $1.435.3 million as of June 2003 to $1,202.7 million as of June 30, 2004. This represents an improvement of more than $200 million. With approximately $5.2 billion in assets and an estimated 33,000 participants, the San Diego County retirement plan ranks among the largest in California.

"The actuarial report underscores the overall financial health of the County's retirement plan. This is consistent with the retirement plan's credit rating of AA+ issued by Standard & Poor's in July of this year," said McAllister. He added, "It is no coincidence that both the County and its retirement plan are financially stable and strong. We want to continue building on the solid foundation that is in place for both entities so that we can keep the commitments made to the citizens and employees of San Diego."

About the San Diego Treasurer-Tax Collector's Office

The San Diego County Treasurer-Tax Collector's Office provides investment, banking, and other financial services for the County and collects all property taxes. The Office also manages the $4 billion dollar investment pool for the County and collects nearly $3.0 billion in property taxes annually. The Office has 125 employees and five service facilities throughout the County to serve the residents of San Diego County.

Contact Information:

Dan McAllister
San Diego County Treasurer-Tax Collector
(619) 531-5225, (858) 395-1045
www.sdtreastax.com